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| OBDRR Number | [041](https://www.ercot.com/mktrules/issues/OBDRR041) | OBDRR Title | Updates to Requirements for Aggregate Load Participation in the ERCOT Markets |
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| Date | | June 17, 2022 | |
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| Submitter’s Information | | | |
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| Market Segment | | Not applicable | |

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| Comments |

ERCOT submits these comments in response to OBDRR041, which was submitted by Tesla to modify the existing Aggregate Load Resource (ALR) program. ERCOT also participated and presented at the May 31, 2022 Tesla Virtual Power Plant Workshop, Related to OBDRR041 and heard a number of concerns around the proposal from Tesla. The ALR program was designed for aggregations of individual premises to provide demand response. OBDRR041 as submitted would expand the ALR program to premises that can generate and inject energy into the Distribution System, which is not the intended purpose of the ALR program. Allowing distribution-connected generators and batteries to aggregate and inject energy into the Distribution System will require thorough stakeholder discussions. Additionally, allowing distribution-connected generators and batteries to aggregate and inject into the grid as an ALR will also have an impact on ERCOT’s ability to manage congestion due to the current design where ALRs are dispatched using zonal pricing based on Load Zone Shift Factors. Over the past several years, ERCOT has been making market design changes to extend nodal pricing even to those generators that do not actively participate in the wholesale energy and Ancillary Service markets. These changes enhance grid reliability by sending the correct pricing signal to these generators. OBDRR041 as submitted would conflict with these principles. Other Independent System Operators (ISOs) resolved the nodal pricing and congestion issue by either limiting the aggregation to a single transmission node or by defining more granular aggregation zones.

ERCOT recommends rather than modifying the ALR Demand response program, we should discuss and design a new participation model to aggregate distribution-connected generation and batteries so that they can fully participate in wholesale energy and Ancillary Service markets. ERCOT recommends that the Technical Advisory Committee (TAC) create a task force to identify and develop recommendations to address these and other concerns regarding aggregations of distribution-connected generation and energy storage systems. In-depth discussion of solutions to reliability concerns and a suitable participation model will ensure ERCOT can reliably integrate distribution-connected generation and Energy Storage Systems. Additionally, ERCOT is also amenable to a pilot program to test aggregations of distribution-connected generation and energy storage systems, so long as an agreeable Transmission and/or Distribution Service Provider (TDSP) partner participates. ERCOT does not have details around such a pilot program at this time but is open to receiving proposals from interested stakeholders.

ERCOT is committed to working with Tesla and the broader stakeholder community within the guidance provided by the Public Utility Commission of Texas (PUCT) at the June 16, 2022 Open Meeting, to achieve effective design for implementing a participation model that allows distribution-connected generators and batteries to operate in the wholesale energy and ancillary service markets.

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| Revised Cover Page Language |

None.

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| Revised Proposed Other Binding Document Language |

None.